

Washington State Auditor's Office
Special Education Program Audit
Audit Services

Report No. 57981

RICHLAND SCHOOL DISTRICT No. 400

Benton County, Washington

September 1, 1995 Through August 31, 1996

January 10, 1997

I am pleased to report the results of our program audit of Richland School District No. 400 Special Education Program covering the period September 1, 1995, through August 31, 1996. This report was prepared under the authority granted by Chapter 283, Laws of 1995.

Our audit gives an independent, accurate assessment of the condition of the program during the period we reviewed. I hope it is used as a constructive management tool to help the school district improve its operations and to help the Legislature and others in policy decisions on special education funding.

Sincerely,

Brian Sonntag
State Auditor

Copies transmitted to:

Dr. Margaret Chow, Superintendent
David Hedgengren, President of the Board
Educational Service District No. 123
Marcelyn A. Senger, School Business Services-Supervisor of Audit Management and
Resolution, Superintendent of Public Instruction
Safety Net Committee
Jim West, Chair, Senate Ways and Means Committee
Tom Huff, Chair, House Appropriations Committee
Cheryle Broom, Legislative Auditor, Joint Legislative Audit and Review Committee
Laurie Fortier, State Publication Distribution, State Library
The Honorable Christine O. Gregoire, Attorney General, Office of the Attorney General
Office of the State Auditor

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Richland School District No. 400 Special Education Program Audit Report Summary

BACKGROUND

The State Auditor's Office was given responsibility for auditing special education programs by the Legislature. Lawmakers were concerned about special education programs that exhibit unusual rates of growth, extraordinarily high costs, or other characteristics requiring the attention of the State Special Education Safety Net Committee. The Safety Net Committee was created to oversee state and federal special education funds set aside by the Legislature to assist school districts with demonstrated financial or program needs not met through the special education funding formula.

The Richland School District is among approximately 30 school districts to be selected for program audit this fiscal year. The Richland School District was selected based upon the increase in its special education population and the district's application for additional funding through the safety net in 1995-96.

AUDIT RESULTS

Objective 1:

To determine whether Richland School District effectively and efficiently provides Free and Appropriate Education (FAPE) to special education students as defined by the Washington Administrative Code (WAC).

Conclusions:

- In our opinion, the district is providing FAPE to special education students. The district's special education program provides services designed to meet the needs of students with disabilities to the same extent as students without disabilities.
- In our review of student files, we found that 12 percent of the Individual Education Plans (IEP) examined did not explain the specially designed instruction being offered to students. We recommend the district ensure that this specially designed instruction is adequately addressed on the student IEP.
- We also found that 11 percent of the IEPs reviewed did not adequately reflect the written summary of the student's assessment and the Multi-Disciplinary Team's recommendations. We recommend that the district review this as part of its regular monitoring process.

District Response:

The district substantially agreed with our conclusions and is implementing training and procedural revisions to address the recommendations.



Objective 2:

To determine why the Richland School District Special Education Program exhibits high rates of growth, extraordinarily high costs, or other characteristics requiring the attention of the state Safety Net Committee.

Conclusion:

- The district identified four factors that appear to affect its growth rate. These factors are: (1) a change in the area income demographics from a higher to a lower income base, (2) a continuing growth of overall population, (3) an increased enrollment in the preschool program, and (4) the favorable reputation of the special education program within the immediate geographic area. We were unable to confirm that these factors directly impact the district's special education growth rate, but we will continue to examine these factors in our future audits.

District Response:

The district stated that information was submitted to the audit team to substantiate the growth rates.



Objective 3:

To verify that Richland School District is complying with the terms of its safety net funding through a review of student files, indirect costs, supplemental contracts, and use of state funds.

Conclusion:

- We found that the district is complying with all the requirements of receiving safety net funds, except for the proper and appropriate formulation of its IEPs. Our review indicated that, in addition to the deficiencies stated under Objective 1, approximately 18 percent of the district IEPs were not updated by the required date, and these students were inappropriately counted in the districts monthly child counts. We

recommend the district complete each student's IEP prior to the required date and cease counting those students whose IEPs are not current on the count dates.

District Response:

The district substantially agreed with our conclusion and will implement recommended changes.



Objective 4:

To evaluate the Richland School District Special Education system of internal controls for compliance with state and federal special education directives.

Conclusion:

- The district generally has adequate policies and procedures in place, but due to the problems noted in our review of Objectives 1 and 3, we recommend the district institute policies and procedures necessary to address the deficiencies noted above, and ensure that all staff are adequately trained in the application of these procedures.

District Response:

The district substantially agreed with our conclusion and is implementing training and procedural revisions to address the recommendations.



Objective 5:

To identify elements of the Richland School District Special Education Program that are especially effective or efficient, and could be considered for implementation at other school districts.

Conclusion:

- We found excellent cooperation between the general and special education staff within the district. In addition, the coordination of special education and Title I/LAP services is a tremendous benefit to the students of the district.
- We also found that the district capitalizes on staff knowledge and strengths by providing in staff training programs conducted by district personnel which allow the district to offer excellent training opportunities at minimal cost.

- The district conducted a survey of parents, students, and general and special education staff about the special education program. We believe that, if utilized, this survey will enable the district to improve its program.

District Response:

The district substantially agreed with the conclusions.



The basis for our conclusions and the district's full response is included in the Report Detail section.

Richland School District No. 400 Special Education Program Audit Report Detail

INTRODUCTION

This report contains the results of a program audit we performed on Richland School District No. 400 Special Education Program. Our audit covered the 1995-96 school year. The fieldwork was completed on September 27, 1996.

BACKGROUND

In 1995, the Legislature revised the state special education funding formula (Chapter 283, Laws of 1995). The formula incorporates three significant changes: (1) the move to an “excess cost” funding model which includes only the costs of a child’s special education above basic education funding, (2) establishment of a maximum index of eligible special education enrollment per district, and (3) a single allocation of funds per student without regard to a student’s disability.

The Legislature set aside almost \$40 million in state and federal funds to assist school districts with demonstrated financial or program needs not met through the funding formula. This “safety net” was required due to a 1987 court decision in the case, *Washington State Special Education Coalition v. State*. The court requires the state to provide a safety net when special education funding is based upon statewide averages. A State Special Education Safety Net Committee was created to review applications for safety net funds. The State Auditor’s Office was given responsibility for auditing special education programs exhibiting unusual rates of growth, extraordinary high costs, or other characteristics requiring the attention of the Safety Net Committee.

This audit was conducted in accordance with the legislation that assigned the State Auditor’s Office responsibility for auditing special education programs. The Richland School District is among approximately 30 districts to be selected for program audit this fiscal year. The Richland School District Special Education Program was selected based on two factors. First, the district had one of the three largest percentage increases in special education population for large school districts (those over 5,000 FTEs) in the state. The second factor was the district’s application to the Safety Net Committee for additional funds based upon high cost student(s) considerations.

AUDIT SCOPE

We examined student Individual Education Programs (IEP) and other district records concerning the assessment and evaluation of students. We reviewed the district’s special education program for efficiency and effectiveness, and looked at records and data to determine the accuracy of statements

made to the Safety Net Committee.

The methods used to perform this audit included detailed reviews of district records, staff interviews, observation of the program, and analysis of data derived from the district and other sources when appropriate. Specific methods used for the examination of each audit objective are detailed in the work papers.

SCHOOL DISTRICT DESCRIPTION

The Richland School District is a municipal corporation organized pursuant to Title 28A *Revised Code of Washington* (RCW) for the purpose of providing public school services to students in grades K-12. There are five elected board members who have oversight responsibility for the district's operations. The board also appoints district management and has fiscal responsibility for the district.

District officials who were key contacts during this audit:

- Dr. Margaret Chow, Superintendent
- Mr. Harry Culp, Director of Finance
- Mr. Kim David Trusty, Director of Special Programs
- Mr. Steve Witeck, Assistant Director of Special Programs

Located in Benton County, the district consists of three high schools, three middle schools, and seven elementary schools. The 1995-96 district enrollment was 8,324 students, of which 911 were special education students. This special education enrollment is approximately 11 percent of the total district enrollment. Although the district is under the statewide average for a special education population, the special education program enrollment grew 1.32 percent from 1994-95 to 1995-96. The district requested safety net funding to assist with the financial impact of three "high cost" students in the special education program.

AUDIT RESULTS

Objective 1:

To determine whether the Richland School District effectively and efficiently provides Free and Appropriate Education (FAPE) to special education students in accordance with the *Washington Administrative Code* (WAC).

Conclusion:

We determined that the district is providing its special education population, ages three to twenty-one, with FAPE in accordance with the WAC. The program meets the standards required by the Office of Superintendent of Public Instruction and includes preschool,

elementary, and secondary education. Services offered conform to the IEP developed for each student.

The district has an established referral and evaluation process for students who have needs that may not be met in the general education classroom and have qualified for special education and/or related services. The district's special education program provides services designed to meet the needs of students with disabilities to the same extent as students without disabilities.

The district offers special education students a continuum of services ranging from in-class services, pull-out services and self-contained classrooms. Additional services are available in county, state, and out-of-state placement programs when necessary. This continuum seeks to provide each special education student with an appropriate program designed to meet individual needs. Students may be served through one or more program components of the continuum described above. The district utilizes this "continuum of services" model to allow special education students to spend the maximum time in the general education classroom. The district also has a special education program that accommodates children from birth to age three.

Although the Richland School District offers FAPE, we have two areas of concern in regard to the effectiveness and efficiency of this program. We define an effective and efficient program as a program with properly identified students receiving reasonable special education services in the form of "specially designed instruction." The special education services should be based on the student's IEP goals and evaluation data.

The first concern is "specially designed instruction." As defined in WAC 392-172-045 and WAC 392-172-174, "specially designed instruction" is planned and organized instructional activities which are designed by certificated special education and/or related services personnel. This instruction may be implemented by other special education and/or related services personnel as provided in the IEP. The phrase does not include individual accommodations and modifications to the general classroom curriculum which meet the individual needs of the student.

Twelve percent of the student files reviewed were questionable as to whether the goals and objectives were describing specially designed instruction or whether they were accommodations made for the student in the general classroom. The district has an option on its IEP form to explain specially designed instruction. We suggest this explanation be completed when preparing the IEP. The district also needs to include any written plans associated with specially designed instruction with the IEP or state in the IEP where they are located. Without this information in the files, we were not able to evaluate whether the programs planned were specially designed and thus eligible for special education funding. We were able to satisfy ourselves through observations and inquiry of special education teachers that specially designed services were provided for the students in the files tested. However, if specially designed instruction is not provided, the student should be considered for exit from the special education program.

Our second concern is in 11 percent of the files reviewed, discrepancies were found between the written summary analysis and the stated goals and objectives in the IEP. After the Multi-Disciplinary Committee (MDT) has met, analyzed all evaluation data, and prepared a written summary, the certified special education staff should write the IEP goals and objectives based on the written summary and MDT recommendations.

District Response:

We substantially agree with the audit finding.

We are implementing training of staff in writing goals and objectives that more adequately reflect the educational programs that are occurring.

Attached you will find our internal monitoring process which reflects an individual review of each file to compare the current assessment to the current IEP.

Objective 2:

To determine why the Richland School District Special Education Program exhibits high rates of growth, extraordinarily high costs, or other characteristics requiring the attention of the Safety Net Committee.

Conclusion:

We concluded that even though the district's growth rate is one of the highest in the state, the district is not experiencing a growth pattern different from other school districts in the state.

Richland School District's special education population grew 1.32 percent between the 1994-95 and 1995-96 school years. To determine the reasons for growth, we reviewed the district's overall student population and special education population between 1994-95 and 1995-96. Both populations exhibited an increase in proportion to the growth rate of other districts within the state. The special education population's largest increase was in the disability categories of Health Impaired and Specific Learning Disabilities. These are also the largest growth areas both statewide and nationwide according to the Fourth Annual Report for Special Education Services in Washington State, OSPI, August 1996.

The district identified four factors that appear to affect its growth rate. These factors are:

- a change in the area income demographics from a higher to a lower income base
- a continuing growth of overall population
- an increased enrollment in the preschool program, and
- the favorable reputation of the Special Education Program within the immediate geographic area.

The district special education program also has a high rate of turnover from year to year. Although this turnover rate affects the special education process, we determined that it had only a minor impact on the growth of the special education program. We were unable to confirm whether the other factors identified affect the district's special education growth rate, but we will continue to examine these factors in our future audits.

A comparison of the district's special education programs in 1994-95 and 1995-96 showed that the district was able to continue to offer services with minor changes to the program. In 1995-96, the district calculated the amount of basic education funds devoted to special education using the same rates as 1994-95 under the previous funding formula. This calculation caused a decrease in the special education budget for 1995-96 since the enrollment had increased. To compensate, the district made changes in its budget in the areas of educational assistants' time and teachers' individual budgets for training and supplies. During the 1995-96 school year, the district also decided to charge the special education program indirect costs that have been allowed by the state for several years but were not previously charged. Although this change affected the special education budget, it should not be considered when requesting safety net funds.

The district submitted applications to the Safety Net Committee to fund three "high cost students" for the 1995-96 school year. These students were categorized as Health Impaired. The district requested \$102,002 from the safety net fund and received \$36,734.

At present, the district provides services to one student in an out-of-state placement. The district has demonstrated an effort to meet this student's needs with placement within the district and at in-state facilities. Only after these placements was the out-of-state placement determined to be most appropriate at this time. Although the district continues to have higher cost students, we found that the district has been able to continue its special education program with few changes that could be attributed to the new funding formula.

District Response:

Information was submitted to the audit team to substantiate growth rates.

Additional Remarks From The Auditor:

We revised the final report to reflect that we only questioned whether the factors cited directly impact the special education growth rate, not that we questioned the information provided by the district.

Objective 3:

To verify that Richland School District is complying with the terms of its safety net funding through a review of student files, indirect costs, supplemental contracts, and use of state funds.

Conclusion:

We reviewed the appropriate district financial information and verified the Richland School District is complying with the terms of the safety net funds with regard to indirect costs, supplemental contracts, and use of state funds. Indirect costs charged to the district special education program did not exceed the allowable percent for the federal special education program. Also, the costs of supplemental contracts have not been charged to the district's special education program. Finally, the district is making a reasonable effort to provide appropriate services for special education students utilizing state funds generated by the apportionment and special education funding formulas.

We reviewed 116 special education files to determine if they complied with federal and state procedural requirements and directives. The review of these files was conducted in two parts. During the first review, 72 files were examined. In the second review, 44 files were examined.

Items found out of compliance in the 116 files reviewed include:

- 18% Student were counted for months inappropriately.
- 11% IEPs were not based on evaluations and MDT decisions.
- 12% Did not show "Specially Designed Instruction."
- 10% IEP was not developed within 30 days of initial evaluation.
- 8% Evaluations were not completed within time line set for initial evaluation.

According to the safety net application, IEPs should be appropriate and efficiently prepared and maintained. Using the information from the student files, we have concluded that the district is not complying with this requirement.

District Response:

We agree substantially with the findings of this objective and will modify our data system so that those IEPs that are not current will not be counted.

Objective 4:

To evaluate the Richland School District Special Education system of internal controls for compliance with state and federal special education directives.

Conclusion:

Internal controls are established to direct the special education referral process and subsequent student continuation in special education. Interviews were conducted with the special education core administrative team as well as certified staff, speech language pathologists, and school psychologists to assess staffs' understanding and compliance with the process. These interviews established that an internal control process is in place,

appropriate personnel are assigned to oversee the process, and special education staff know and attempt to follow the process.

However, after concluding our evaluation of internal controls, we identified areas that should be strengthened. The first area involves the monthly report of the special education enrollment for the district (P-223H Form). The eligibility criteria for counting a student states that the student's evaluation and IEP must be current on the count date. The district, at present, is counting students whose IEPs and/or evaluations are known to be in process but not completed, therefore are not current on count date. Procedures should be added to ensure compliance with the eligibility criteria. Further, the district may wish to consider additional staff inservice on this compliance issue. Also, the district may consider an additional component to the special education data base that would better report the information needed to comply with the eligibility count criteria.

The second area to be strengthened is the review of completed IEPs and evaluations for accuracy and compliance as stated in Objective 3. The district appears to have an adequate system in place for the review of IEPs and evaluations before they are placed in the student's file. However, the percent of incorrect items noted during review of the student file review leads to the recommendation that each completed IEP and evaluation be reviewed more thoroughly.

District Response:

We agree substantially with the findings of the audit and refer you back to the response of Objective 1 and Objective 2. We are in the process of inservicing staff on the internal monitoring program and their responsibilities in completing IEPs and reassessments in a timely manner and their responsibility to complete initial IEPs within the 30 calendar day required timeline and delivering them for count to the central office.

Objective 5:

To identify elements of the Richland School District Special Education Program that are especially effective or efficient, and could be considered for implementation at other school districts.

Conclusion:

The Richland School District Special Education Program is committed to meeting the individual needs of its students. It was evident from the interviews conducted that there is cooperation between the general and special education staffs. There also appears to be a commitment to experimenting with other avenues to meet student needs before referral to special education. And with a commitment to site-based management, school Multi-Disciplinary Teams have the authority to make individual student decisions. Cooperation between special education and Chapter I and LAP programs also exists.

We identified three noteworthy components of the Richland School District Special Education Program that could be considered for implementation in other school districts. The first component is the ability of teachers to seek release from district contracts to operate, for a period of up to one year, a new special education program or concept at a school site. This allows for flexibility within a school site to compensate for population growth, program changes, and additional teacher and educational assistant contact time. Additional contract release time may be sought after the one year period.

The second component is an interdistrict training program utilizing district staff to conduct inservices, workshops, and classes for other district staff. Classes are published in advance and capitalize on staff knowledge and strengths.

The third component is a recently conducted Program Self-Study survey by the special education program to collect data from parents, students, and both general and special education staff regarding the program. The data collected will be used to address areas of the program that need further evaluation.

District Response:

We agree substantially with the findings of the audit under this objective.

ADDITIONAL INFORMATION

It is important to note that this audit does not take the place of, or otherwise duplicate, the regularly scheduled audit of the district which includes a review of financial statements and compliance with laws and regulations. Accordingly, we do not express any opinion related to those items in this report. We did consult with the financial auditors and brought items to their attention when warranted.

The audit of Richland School District No. 400 Special Education Program was performed in accordance with generally accepted government auditing standards.

As such, it included such tests of records and other audit procedures we considered necessary, including a review of management controls where appropriate.

This report is a public document. To obtain additional copies of this report, or for questions related to the audit, address inquiries to the State Auditor's Office, PO Box 40021, Olympia, WA 98504-0021 or call (360) 753-4792.

Richland School District No. 400 Special Education Program Audit Addendum

Directory Of Officials

Elected

		<u>Expiration</u>
Board of Directors:		
President	David Hedgengren	November 1997
Vice President	John Bloom	November 1997
	James Peterson	November 1999
	John Steach	November 1999
	Phyllis Strickler	November 1999

Appointed

Superintendent	Dr. Margaret Chow
Director of Finance	Harry Culp
Director of Special Programs	Kim David Trusty
Assistant Director of Special Programs	Steve Witeck
Attorneys	Tim Anderson Ken Rice

Mailing Address

District Office	615 Snow Avenue Richland WA 99352
Attorneys	PO Box 5498 Kennewick WA 99336